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**TONLY ELECTRONICS HOLDINGS LIMITED**

**通力電子控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01249)**

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO THE  
CONTINUING CONNECTED TRANSACTIONS  
OF THE GROUP**

Reference is made to the announcements of the Company dated 18 October 2018 and 21 December 2018 and the shareholders' circular of the Company dated 29 November 2018 in relation to certain continuing connected transactions between the Group on one hand and the relevant members of the TCL Corporation Group on the other hand, including those under the Master Overseas Materials Sourcing (2018 Renewal) Agreement, the Master Financial Services (2018 Renewal) Agreement, the Master Sale and Purchase (2018 Renewal) Agreement, Technology Support Services and Trade Names Licence (2018 Renewal) Agreement and the Master Lease (Tenant) (2018 Renewal) Agreement (collectively the "**Previous Agreements**"), and the announcement of the Company dated 25 April 2019 (the "**Announcement**") in relation to the continuing connected transactions contemplated under the Master Rental (2019) Agreement and the Master Sale And Purchase (2019) Agreement (collectively the "**Agreements**"). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to provide additional information to the Shareholders regarding the continuing connected transactions under the Previous Agreements and the Agreements as follows:

As stated in the Announcement, in April 2019, TCL Corporation announced that there was a restructuring of parts of its businesses and assets (the “**Restructuring**”) to TCL Holdings. Immediately prior to the completion of the Restructuring, TCL Industries, a substantial shareholder of the Company holding approximately 48.68% of the total issued share capital of the Company, was an indirect wholly-owned subsidiary of TCL Corporation. TCL Corporation, by virtue of its holding of TCL Industries, was a connected person of the Company. Upon completion of the Restructuring, TCL Industries was spun off to TCL Holdings. Accordingly, TCL Holdings becomes a connected person of the Company as a result of its holding of TCL Industries. On the other hand, although TCL Corporation is no longer a holding company of TCL Industries, TCL Corporation remains a connected person of the Company by virtue of its relationship with Guangdong Regency Optics-electron Co., Ltd.\* (廣東瑞捷光電股份有限公司), a company established in the PRC with limited liability and a subsidiary of the Company. TCL Corporation holds over 50% equity interest in Huizhou Kaichuang Venture Capital Partnership (Limited Partnership)\* (惠州市愷創創業投資合夥企業(有限合夥)), which in turns holds 10% equity interest in Guangdong Regency Optics-electron Co., Ltd.\*, hence TCL Corporation is a substantial shareholder of a subsidiary of the Company and a connected person at subsidiary level of the Company.

Those subsidiaries and/or associates of TCL Corporation which are not part of the Restructuring and therefore have not been spun off to TCL Holdings continue to be connected persons at subsidiary level of the Company. Accordingly, the transactions being conducted with those subsidiaries and/or associates of TCL Corporation pursuant to the Previous Agreements would still constitute continuing connected transactions of the Company. The Previous Agreements shall remain valid in all respects for the purpose of regulating such transactions except that the number of the transaction parties to be governed under the Previous Agreements has been reduced and the annual caps under the Previous Agreements will be correspondingly adjusted. The Company has already fully complied with the relevant requirements at the time of the signing of the Previous Agreements.

In order to regulate the transactions with those entities which (i) were previously parties to the continuing connected transactions contemplated under the Previous Agreements; and (ii) were part of the Restructuring and being spun off to TCL Holdings as a result of the Restructuring (hence connected persons of the Company by virtue of being associates of TCL Holdings), the Company entered into the Master Rental (2019) Agreement and the Master Sale and Purchase (2019) Agreement on 25 April 2019, the details of which have been disclosed in the Announcement. The annual caps under (i) the Master Rental (2019) Agreement and (ii) the Master Sale and Purchase (2019) Agreement for the period from 25 April 2019 to 31 December 2019 are (i) HKD30,000,000 and (ii) HKD10,000,000 (for sourcing of goods) and HKD80,000,000 (for sale of goods), respectively.

Given the Restructuring and the annual caps for the continuing connected transactions under the Master Rental (2019) Agreement and the Master Sale and Purchase (2019) Agreement, the annual caps under (i) the Master Lease (Tenant) (2018 Renewal) Agreement and (ii) the Master Sale and Purchase (2018 Renewal) Agreement for the financial year ending 31 December 2019 would be correspondingly lowered from (i) HKD39,169,000 to HKD9,169,000 and (ii) HKD10,000,000 to Nil (for sourcing of goods) and HKD152,183,000 to HKD72,183,000 (for sale of goods), respectively. For the remaining Previous Agreements, namely the Master Overseas Materials Sourcing (2018 Renewal) Agreement, the Master Financial Services (2018 Renewal) Agreement and Technology Support Services and Trade Names Licence (2018 Renewal) Agreement, the annual caps for the financial year ending 31 December 2019 (if applicable), would remain the same. Going forward, the Company will monitor the amount of transactions to be conducted under the Previous Agreements during the financial year ending 31 December 2019 based on the revised annual caps.

The Company is in the course of conducting an overall assessment of the Group's ongoing and potential transactions with the TCL Corporation Group as well as the TCL Holdings Group. Once the assessment is completed, the Company will comply with all the applicable Listing Rules requirements, including announcement and/or shareholders' approval requirements, and if the Company then decides to lower the annual caps for the financial years ending 31 December 2020 and 2021 respectively under the Previous Agreements, such information will be disclosed accordingly.

On behalf of the Board  
**LIAO Qian**  
Chairman

Hong Kong, 14 June 2019

*The English transliteration of the Chinese name(s) in this announcement, where indicated with “\*”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese names.*

*As at the date of this announcement, the Board comprises Mr. YU Guanghui, Mr. SONG Yonghong and Mr. REN Xuenong as executive Directors, Mr. LIAO Qian as non-executive Director and Mr. POON Chiu Kwok, Mr. LI Qi and Mr. LEONG Yue Wing as independent non-executive Directors.*